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1904

File No. 374/04
Serial Nos. 1–2

1904–05.

GENERAL AND REVENUE SECRETARIAT.

(Jmnl

Part A: Manuscript
for February 1903

Serial Nos. 1–2

Investment of Municipal Funds in the Government Savings Bank

G R S 57

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GENERAL AND REVENUE SECRETARIAT

(Munic.)

NOTES.

February 1905 File No. 374-04

FILE HEADING.

Investment of Municipal Funds in the Government Savings Banks

From

The President, Munic: Commission, Bangalore City.

No. 293 Dated 18. 1. 05 Received 20. 1. 1905

Diary No 4721	Enclos —	Spare Copies —	Serial No V

BRIEF ABSTRACT OF LETTER

Requests permission to lodge in the Govt: Savings Bank Rs 20,000/- which is the minimum working balance required to be held in deposit, so that the amount may bring in a return and form a source of revenue.

NOTES AND ORDERS.

Submitted for orders [The report of the Finance Committee has been received and will be submitted soon with complete references suggested by the Assistant Secretary].

Draft letter sanctioning the proposal submitted to the Commissioner

NOTES—First sheet.

16th 25/1/05

Secretary 28.1.05

Commissioner 27/1/05

Serial No

2 If money is available, by all means let it be lodged in the manner proposed, as to the best advantage of the usual Communication - Before authority is however given, may we not consult the Comptroller, since all usual A & R Supplies are in the Govt Treasury and carry no interest, & since the question is related to one of Financial importance - If the Financial debt has no objection the President's Proposal may be sanctioned.

Mostly Reg No 4 32/05

3 Forwarded to the Comptroller for favor of opinion 3rd / 1905

Secy to Govt

Memo No 89 dd 2/2/05

I am afraid it is out of the question to entertain a proposal of this kind. A minimum working balance is a balance which must always be kept in hand by a person or body carrying on money transacting business

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the discharge of all Emergent Claims
The Govt of Mysore has to keep a minimum balance of from 30 to 60 Lakhs to meet all the banking payments including transactions of municipal bodies This minimum balance is the floating working balance and can not be invested or removed If there were no municipal transactions the Govt working minimum might certainly be considerably reduced but the investment of the Municipal Working balance will not lighten the Govt obligation to find the necessary funds to work the banking and the proposal if sanctioned will simply throw an additional burden on the general tax payer in the shape of interest without in any way bringing in a corresponding return. The fact that the amount is a working balance is in itself sufficient to indicate that it can not be invested

I find from the 2nd paragraph of the letter under disposal that it is in contemplation to arrange for the lodgment of surplus municipal balances in the Savings Bank ac

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counts. I think this can not be allowed unless the accumulation of surplus is part of a scheme for repayment of debt or for undertaking some capital expenditure which can not be met from the surplus revenues of one year.

Ordinarily the investment of balances of local & municipal funds should be guided & controlled by Government, because the strict limit of a surplus implies that the local body has no discretion in regard to what is required for expenditure. As I have said above it can be justified only when the local Body is required to accumulate funds for discharging an existing debt or for some obviously important capital work &c.

As regards deposits into Government Savings Banks of a real ascertained surplus, I think we should impose certain limitations. It is well known that Govt. borrows its own revenue subject for a whole year and is also obliged to keep in the treasuries such balances from month to month as

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*General and Revenue
Secretariat

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will enable us to meet all the demands without working down below the prescribed minimum for the last day of January. In otherwords, We keep in our treasuries in the earlier months of the year much larger balances than We really ~~require~~ immediate ~~to meet~~ requirements for ~~the time being~~ simply to admit of the drain in later months. The Municipal funds form under the regulations part of the general balances and hence any temporary surplus municipal balances can not be allowed to be invested in Savings Bank deposits.

By temporary surplus, I mean surplus in excess of immediate requirements but which may be within later on during the financial year

I would therefore recommend the following rules for investment of Municipal or local fund deposits in ~~Govt~~ treasuries:

(1) The Minimum Working balance can never be invested at interest

(2) Temporary surplus balances likely to be required for the dis-

*Note—Contin sheet

Serial No

later during the financial year can not be invested in Savings Banks deposits but can with the special sanction of Govt be invested in Govt Securities under favourable conditions (It is understood however, he means to be heard that such investments are speculative undertakings and can not not ordinarily be allowed).

(3) Large surpluses available for permanent investments in buildings for special Schemes of expenditure might be invested in Savings Bank deposits or Govt Papers at the discretion of Govt.

Sd/ Secretary to Council 10.2.1905.

Sd/ Basu 2.2.05.

6 Mr Basu's opinion seems correct. No rules however seem at present called for. The President may be informed that Govt are not prepared to entertain his proposal. Sd/ 13.2.1905

Embodied in the letter dated 24.2.05.

Sd/ 9.2.05. Quite agree. Sam with the Comptroller's opinion. Sd/ 16.II.05

9. Letter to Govt of Bengal No. 1 dated 24.2.1905 ... [illegible]

Note—Continued on sheet.

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General and Revenue Secretariat

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Serial No	
	1 Draft submitted Md Smg S.H Papers 18/2/05 17/2
2	18/2/12 To the President of the Municipal Commission, Bangalore City, No. 7512-13 Ml(374-04)—2 dated the 25th Feb. 1905 informs the President that the Govt are not prepared to entertain his proposal
	3. Endorsement to the Comptroller No. 7512-13 Ml(374-04)—2 dated the 25th Feb. 05 forwards a copy of the above for information

NOTE—Contn. sheet

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OFFICE OF THE MUNICIPAL COMMISSION,

City Bangalore, January 18, 1905.

No 293. dated the 18th January 1905

From

THE PRESIDENT,

Municipal Commission,

Bangalore City.

9

To

The Secretary to the Government of H H the Maharaja of Mysore,

General and Revenue Departments,

Bangalore.

Sir,

I have the honor to request permission of Government to lodge in the Government Savings Bank Rs. 20,000/- the minimum balance required to be held in deposit--so that the amount may bring in a return and form a source of revenue to the Municipality.

2. Proposal to lodge a larger sum to the extent of Rs. 50,000/- or more under Section 10 of the Municipal Regulations will be submitted by and bye when surplus funds will become available.

I have the honor to be

Sir,

Your most obedient servant,

President.

B.V.

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Serial No

Diary No of letter replied to 4721

Proceedings of the Government of His Highness the Maharaja of Mysore

GENERAL AND REVENUE SECRETARIAT

(Mis.)

, the 17th Feb 1905

Date of issue 25/2/05

Signed by [illegible]

READ —

Letr no 273 dated the 18th January 1905 from the President of the Municipal Commission, Bangalore City, requesting permission to lodge in the Govt Savings Bank [illegible] Rs 20,000/- which is the minimum working balance required to be held in deposit so that the amount may remain in a return and form a source of revenue to the municipality.

SUBJECT

Informs the President that the Govt are not prepared to entertain the proposal

Order thereon. No 7572-13 dated 25th/05

(374-04)-2

The President is informed that the Government are not prepared to entertain his proposal.

Secty

18/2/05

The President, Mr. Conant, Bangalore City

The Comptroller

Memo

Copy forwarded to the Comptroller with reference to his un-official letter Communication No 89 dated the 22nd Feb. 1905

Secty

Endorsement to the No 7572-13

Mil(374-04)-2

Dated 25th Feb. 1905.

Forwarded a Copy of the